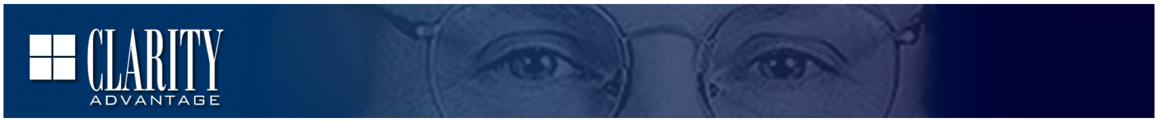

Product Consultant or Trusted Advisor?

By Nicholas T. Miller

Loyal customers. Terrific referrals. First and last look on new deals. Higher profits. The rewards for becoming a client's trusted advisor are great. To make the leap from "product consultant" to "trusted advisor," the value you contribute lies in the questions you ask, not the tales you tell.

To grow small business and middle market revenue, there's a lot of "buzz" about financial advisor. "We want to position our relationship managers as financial advisors," major banks have told us. "We want customers to see us as their primary relationship, a one-stop shop." Since customers put less value on "relationship" than bankers do, how do you become the "financial advisor" heard first among dozens of voices crying, "Me, me, listen to my ideas"?

Step One: Define What "Financial Advisor Means and How You'll Deliver It

Very few financial services companies can afford "all purpose" financial advisors. In any given market segment, sales managers must choose a strategy that matches customer expectations.

What Clients Expect from Advisors

- Really understands what we're trying to do here; can provide perspective on problems or issues we'll need to handle
- Current market information, trends
- Brings us ideas, stimulates our thinking, helps us see angles we didn't see before
- Options, alternatives
- Network connections
- Understands tradeoffs. Boosts probability of success through experience.
- Information about what others do
- Best practices
- Simplifies what seems complex. Helps me with my thinking process
- Sees patterns; helps us see "forest" rather than "trees"

In describing Merrill Lynch's initial attempts to generate additional mergers and acquisition advisory business, Fortune magazine reported: "[Clients] wanted bankers who came to them steeped in knowledge of their industry and full of creative ideas…That was a problem for Merrill's M&A bankers, who were generalists…Many bankers simply didn't know enough about each of the industries to make provocative presentations…" (Fortune Magazine, April 27, 1998, page 138)

TRUSTED ADVISORS PROACTIVELY GENERATE IDEAS, PRESENT ALTERNATIVES, AND TAKE A POSITION BASED ON THEIR

Merrill had to make specific decisions around how they were organized and how their bankers were prepared to respond to these client expectations of advisors. The same logic applies in small business, middle market, and large corporate banking. Whether you're offering M&A advice, Treasury Services, mutual funds, or debt financing, the first three critical questions are:

- Which customers shall we serve as advisors and on what issues do they seek advice?
- What value should the RMs bring as advisors and what expertise (i.e. tax, investments, treasury) is needed to back them up?
- What mix of products and capabilities (at both the bank and sales team levels) do we need to deliver on the promise of being "advisors"?

For example: You offer mutual funds that your customer could use, personally, and that she could offer to her employees in a retirement program. You want to position your RMs as financial advisors. If the client expects an advisor to be expert in your own funds (what they are, historical performance, loads, etc.) as well as funds offered by your competitors (Fidelity, the bank down the street) as well as how to help someone decide which fund family is right for their company at this time, how do you define the RMs' role? And how does that role definition affect customer perceptions of your RMs as financial advisors when they're thinking about other issues?

Step Two: Develop Expertise in Clients, Not Products

Research conducted by Neil Rackham, author of *SPIN Selling* and President of Huthwaite, a sales research firm, indicates that sales training focused on explaining the problems a product solves and questions that uncover and develop these problems has resulted in 54% higher sales for a new product than sales training that focused on product specifications, features, and benefits.(*SPIN Selling*, McGraw-Hill Book Company, 1988, pages 112-114) Why? Because the sales people were able to become experts in the clients circumstances through their questions and identify clients' needs more deeply and more quickly.

Building on this idea, Real Learning, Inc., a California-based training company, has developed guidelines that help sales organizations determine how their sales reps stack up against customer expectations of advisors:

Technical Teller
Believes their job is customer education. Assumes that if they inform the customer of everything they offer, something will click.

Product Consultant
Asks questions that uncover needs that can be satisfied by the features of their products.

Partner/Advisor
Has in-depth understanding of customer's business Asks questions to uncover the client's larger business concerns, well beyond product features and benefits.

This research suggests that sales managers and sales trainers should emphasize customer knowledge and questioning skills rather than product knowledge. RMs who want to position themselves as advisors to their clients must be become expert in the customer's business through business knowledge and the questions they ask.

Step Three: Change Selling Processes

There are two additional differences between "product consultants" and "trusted advisors":

- Trusted advisors pro-actively generate ideas and present alternative approaches that clients can use to reach their goals. The goal-based, pro-active approach demonstrates that the advisor is on the same side of the table as the client.
- Trusted advisors make recommendations and take a position based on their understanding of the client and their knowledge of markets and products. A good advisor will help clients see the risks or trade-offs in a particular approach, help them sort through their preferences to choose an appropriate solution, and take a view based on his or her experience.

In other words, to become trusted advisors, RMs must stop "probing and pitching" and start contributing value through their ability to anticipate, ask questions, and take a view. Done well over time, they earn the right to be advisors.

The ultimate test of whether you have been accepted as a "trusted advisor" is: Does the client confide in you? Are they confident enough to ask for your opinion on personal or sensitive issues? The best way to earn their confidence is to be an expert in the client's conditions and to ask the questions that tell you what a workable solution would look like. Then, you have to make sure your organization can deliver before you make the promise or pitch the idea.

Nick Miller is President of Clarity Advantage Corporation, a Boston-based sales consultancy that assists clients to generate more profitable sales, faster.